

Payment Error Rate Measurement (PERM) program

North Dakota is one of 17 States randomly selected by the Centers for Medicare and Medicaid Services (CMS) for the PERM initiative for Federal fiscal year (FFY) 2006 (October 1, 2005 - September 30, 2006). PERM is required by CMS pursuant to the Improper Payments Information Act of 2002 (IPIA; Public Law 107-300). Under this plan, a state will be selected for error rate measurement once every three years for each program (Medicaid and State Children's Health Insurance Program (SCHIP)).

For FFY 2006, CMS will only measure Medicaid fee-for-service (FFS) claim payments and premium payments made on behalf of beneficiaries for accuracy. CMS is using national contractors to measure improper payments in Medicaid and the State Children's Health Insurance Program (SCHIP). These national contractors are:

- **The Lewin Group** - Statistical contractor – will provide statistical support by obtaining the necessary sampling unit data and producing sample of claims to be reviewed. Will calculate North Dakota's error rates based on the findings of the review contractor.
- **Livanta LLC** - Documentation/database contractor – will provide the documentation/database support by collecting medical policies from the State and by collecting medical records from providers.
- **To Be Determined** - Medical Review contractor - will use the policies and medical records obtained by Livanta LLC to perform the medical and data processing reviews, provide findings to the Lewin Group, and jointly write the final report with the Lewin Group and submit the report to CMS.

Livanta LLC will begin contacting providers beginning in April 2006. If a claim is selected for a service that you rendered as part of the sample, Livanta LLC will contact you to request a copy of your medical records to support the medical review of the claim. Medical records are needed to support medical reviews on claims to determine if the claims were correctly paid. It is critical that providers supply information on sampled claims in a complete and timely matter. Non-compliance will result in a claim adjustment against the provider's claim with the monies being recovered by ND Medicaid. Failure to submit the requested medical information could also result in State errors.

We recognize providers are concerned with maintaining the privacy of patient information. However, providers are required by Section 1902(a)(27) of the Social Security Act to retain records necessary to disclose the extent of services provided to individuals receiving assistance and provide CMS (through Livanta) with information about any payments claimed by the provider for rendering services. Providing information includes medical records. Also, the collection and review of protected health information contained in individual-level medical records for payment review purposes is allowed by the Health Insurance Portability and Accountability Act (HIPAA) and implementing regulations at 45 Code of Federal Regulations, parts 160 and 164. This permits the collection and review of protected health information to meet the CMS PERM requirements. The records do not need to be de-identified.

Results of the study will be published upon its completion.